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June 18, 2008

**Los Angeles County
Board of Supervisors**

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Second District

Zev Yaroslavsky
Third District


Don Knabe
Fourth District

Michael D. Antonovich
Fifth District

John F. Schunhoff, Ph.D.
Interim Director

Robert G. Splawn, M.D.
Interim Chief Medical Officer

TO: Each Supervisor

FROM: John F. Schunhoff, Ph.D. 
Interim Director

SUBJECT: **ADDITIONAL INFORMATION RELATED TO THE
DEPARTMENT OF HEALTH SERVICES FISCAL
OUTLOOK**

This is to provide your Board with the information requested by Supervisor Yaroslavsky, during the June 16, 2008, Budget Deliberations meeting, regarding the Department of Health Services (DHS) Fiscal Outlook and projected carry over fund balance from Fiscal Year (FY) 2007-08 to FY 2008-09, and the accuracy of the projection in last year's Fiscal Outlook.

Per the DHS Fiscal Outlook memo dated June 18, 2007, the estimated designation balance for FY 06-07 was \$277.8 million. In the report to your Board in the DHS Fiscal Outlook memo dated September 25, 2007, the actual designation balance at the close of FY 06-07 was \$135.3 million.

The difference of \$143.5 million (\$277.8 M - \$135.3 M = \$143.5 M) was primarily \$143.0 million for the Managed Care Rate Supplement, which did not occur in FY 06-07. At the time the County closed the books for FY 06-07, the Managed Care Rate Supplement was still pending Federal approval, therefore, the revenue could not be accrued and the estimated collection of this revenue was moved to FY 2007-08. The remaining \$0.5 million variance related to various minor changes.

If you have any questions, please let me know.

JFS:rs

c: Chief Executive Officer
County Counsel
Executive Officer, Board of Supervisors

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WILLIAM T FUJIOKA
Chief Executive Officer

June 30, 2008

To: Supervisor Yvonne B. Burke, Chair
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

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PROJECTED 2007-08 SAVINGS ASSOCIATED WITH BUDGETED VACANCIES IN THE DEPARTMENT OF HEALTH SERVICES (ITEM NO. 71-A SUPPLEMENTAL AGENDA OF JULY 1, 2008)

Item 71-A of the Supplemental Agenda for your Board's July 1, 2008 meeting includes the Chief Executive Officer's (CEO) report related to budgeted vacant positions within the Department of Health Services (DHS), which was continued from your Board's June 16, 2008 Budget Deliberations meeting. On June 17, 2008, Supervisor Knabe requested a report back on whether the \$34.3 million in projected 2007-08 savings associated with budgeted vacancies in DHS, reflected in the CEO's report, could be used to address DHS' structural deficit. This memorandum responds to that request.

Attachment I provides the surplus salaries associated with the funded vacancies in DHS, as reflected in the CEO's earlier report. As reported at your June 17, 2008 meeting, the projected savings for 2007-08 is \$34.3 million. While these positions are funded and are projected to produce savings by year-end, these savings have already been accounted for within the DHS operating budget, as discussed in more detail below.

Background

Historically, DHS has ended each fiscal year with surplus funds, for various reasons, including higher than budgeted revenues, such as revenues from the 1115 Waiver and other one-time funding amounts from the State and federal governments, as well as savings from budgeted vacant positions and one-time savings in services and supplies and other expenditure categories. These amounts have varied over the years, but generally represented a lower than anticipated need for one-time reserves from the DHS designation included in the Department's operating budget. In some cases, the year-end difference between expenditures and revenues still left a gap that could not be completely covered by the on-going County contribution

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amounts. This gap represented the on-going operating deficit of the Department, which required the use of DHS designation funds. Attachment II shows the expenditures, revenues, County contribution and use of designation funds for the past five years.

Because DHS was showing year-end surpluses each year, it became difficult to present an accurate picture of its on-going structural deficit. Therefore, in 2002-03, the CEO added a revenue category to the DHS budget which represented its "budgeted projected savings" and reflected \$43.4 million of revenue in that category, to account for a portion of the projected year-end surplus. Because the year-end surpluses continued at a larger amount, this amount was increased to \$68.4 million in 2003-04 and increased again to \$100.0 million in 2004-05. Each of these actions reduced the amount of one-time reserves used to balance the DHS operating budgets and, therefore, the resulting year-end surpluses.

When, in 2004-05, the year-end surplus was only \$6.6 million, the \$100.0 million was reduced to \$90.0 million for 2005-06, the level it is at currently.

Deficit Reductions Resulting from Cost Savings Options

The savings from the budgeted vacant items, like that shown for 2007-08 in Attachment I, is one component contributing to the DHS "budgeted projected savings" of \$90.0 million. Consequently, if funding for the budgeted vacant positions is removed from the budget, the amount of the "budgeted projected savings" should also be reduced. Therefore, no net savings would result from these actions.

To this point, the savings amounts from the DHS Financial Stabilization proposals have not resulted in reductions in the amount of "budgeted projected savings," since we continue to expect DHS to realize budgetary savings from areas such as vacant positions. However, as DHS develops more cost savings proposals in order to achieve greater efficiencies, this office will work with DHS to evaluate the need for adjustments to the "budgeted projected savings," to ensure that the operating budgets are appropriately balanced.

If you have any questions or need additional information, please contact me or your staff may contact Mason Matthews at (213) 974-2395.

WTF:SRH:SAS
MLM:MM:yb

Attachments (2)

c: Executive Officer, Board of Supervisors
County Counsel
Auditor-Controller
Interim Director, Department of Health Services

LOS ANGELES COUNTY - DEPARTMENT OF HEALTH SERVICES
NET SALARIES *
BUDGET VS. ACTUALS
FISCAL YEARS 2003-04 THROUGH 2007-08 **
(\$ in Millions)

DEPARTMENT	FY 2003-04			FY 2004-05			FY 2005-06			FY 2006-07			FY 2007-08		
	Budgeted Net Salaries ⁽¹⁾	Actual Salaries ⁽²⁾	Variance	Budgeted Net Salaries ⁽¹⁾	Actual Salaries ⁽²⁾	Variance	Budgeted Net Salaries ⁽¹⁾	Actual Salaries ⁽²⁾	Variance	Budgeted Net Salaries ⁽¹⁾	Actual Salaries ⁽²⁾	Variance	Budgeted Net Salaries ⁽¹⁾	February F-Y-E ^(1,3)	Variance
ENTERPRISE FUNDS															
LAC+USC	\$ 356.7	\$ 327.0	\$ 29.6	\$ 339.9	\$ 334.8	\$ 5.1	\$ 354.0	\$ 348.7	\$ 5.4	\$ 376.4	\$ 378.5	\$ (2.1)	\$ 432.5	\$ 422.1	\$ 10.4
LAC+USC HCN CHC/HC'S	35.2	35.8	(0.6)	37.2	35.0	2.2	39.6	36.4	3.2	39.9	39.9	(0.1)	43.3	43.1	0.2
LAC+USC NETWORK:	\$ 391.9	\$ 362.9	\$ 29.0	\$ 377.1	\$ 369.8	\$ 7.3	\$ 393.7	\$ 385.1	\$ 8.6	\$ 416.3	\$ 418.5	\$ (2.2)	\$ 475.8	\$ 465.2	\$ 10.6
H/UCLA	\$ 181.4	\$ 163.6	\$ 17.9	\$ 175.1	\$ 172.8	\$ 2.3	\$ 191.6	\$ 187.6	\$ 4.0	\$ 204.9	\$ 209.8	\$ (4.9)	\$ 253.7	\$ 244.7	\$ 9.0
CS CHC/HC'S	10.3	9.5	0.8	9.8	9.2	0.5	10.8	9.5	1.3	11.0	10.3	0.7	13.5	11.3	2.2
COASTAL NETWORK:	\$ 191.7	\$ 173.1	\$ 18.7	\$ 184.9	\$ 182.0	\$ 2.9	\$ 202.4	\$ 197.1	\$ 5.3	\$ 215.9	\$ 220.1	\$ (4.2)	\$ 267.2	\$ 256.0	\$ 11.2
MLK	\$ 150.1	\$ 146.0	\$ 4.1	\$ 148.8	\$ 143.0	\$ 3.8	\$ 138.4	\$ 137.3	\$ 1.1	\$ 159.6	\$ 126.3	\$ 33.3	\$ 52.2	\$ 62.3	\$ (10.1)
SW CHC/HC'S	11.4	14.7	(3.3)	11.7	13.7	(1.9)	17.8	16.0	1.8	16.6	15.7	0.9	20.6	19.4	1.2
SOUTHWEST NETWORK:	\$ 161.5	\$ 160.7	\$ 0.8	\$ 158.5	\$ 156.6	\$ 1.9	\$ 156.1	\$ 153.2	\$ 2.9	\$ 176.2	\$ 142.0	\$ 34.2	\$ 72.7	\$ 81.7	\$ (9.0)
RLANRC	\$ 75.4	\$ 65.5	\$ 9.9	\$ 77.4	\$ 66.4	\$ 11.0	\$ 81.4	\$ 67.3	\$ 14.1	\$ 72.1	\$ 71.6	\$ 0.5	\$ 94.9	\$ 84.6	\$ 10.2
OV/UCLA	\$ 101.9	\$ 97.5	\$ 4.3	\$ 99.9	\$ 104.1	\$ (4.2)	\$ 110.3	\$ 112.7	\$ (2.4)	\$ 119.2	\$ 125.6	\$ (6.4)	\$ 140.9	\$ 141.0	\$ (0.1)
SFV CHC/HC'S	14.5	13.1	1.4	14.3	13.4	0.9	15.2	13.7	1.5	15.6	14.8	0.8	18.5	16.6	1.9
HDHS	17.2	17.0	0.2	17.8	17.7	0.1	18.7	16.8	1.9	21.7	18.8	2.9	26.1	21.7	4.4
AVHCs	4.9	4.4	0.5	5.7	4.1	1.6	5.7	6.7	(1.0)	6.7	7.2	(0.5)	7.1	7.6	(0.6)
VALLEY CARE NETWORK:	\$ 138.5	\$ 131.9	\$ 6.5	\$ 137.8	\$ 139.3	\$ (1.6)	\$ 149.9	\$ 149.9	\$ (0.0)	\$ 163.1	\$ 166.4	\$ (3.3)	\$ 192.6	\$ 186.9	\$ 5.7
TOTAL ENTERPRISE FUNDS	\$ 959.0	\$ 894.0	\$ 65.0	\$ 935.7	\$ 914.2	\$ 21.5	\$ 983.4	\$ 952.6	\$ 30.8	\$ 1,043.6	\$ 1,018.5	\$ 25.1	\$ 1,103.2	\$ 1,074.5	\$ 28.7
GENERAL FUNDS															
HSA	\$ 64.5	\$ 60.2	\$ 4.3	\$ 69.7	\$ 62.6	\$ 7.1	\$ 76.8	\$ 69.4	\$ 7.4	\$ 72.8	\$ 71.8	\$ 1.0	\$ 80.0	\$ 80.0	\$ (0.0)
OMC	\$ 5.4	\$ 5.4	\$ 0.0	\$ 10.2	\$ 8.3	\$ 1.9	\$ 9.5	\$ 8.9	\$ 0.6	\$ 11.2	\$ 10.1	\$ 1.1	\$ 16.1	\$ 11.8	\$ 4.3
JCHS	\$ 13.0	\$ 11.5	\$ 1.5	\$ 14.1	\$ 12.0	\$ 2.0	\$ 15.4	\$ 13.5	\$ 1.9	\$ 16.0	\$ 14.8	\$ 1.2	\$ 18.5	\$ 17.1	\$ 1.4
GENERAL FUNDS TOTAL:	\$ 82.9	\$ 77.0	\$ 5.8	\$ 93.9	\$ 82.9	\$ 11.0	\$ 101.7	\$ 91.9	\$ 9.8	\$ 100.0	\$ 96.7	\$ 3.3	\$ 114.5	\$ 108.9	\$ 5.6
GRAND TOTAL	\$ 1,041.9	\$ 971.1	\$ 70.9	\$ 1,029.7	\$ 997.1	\$ 32.5	\$ 1,085.1	\$ 1,044.5	\$ 40.6	\$ 1,143.6	\$ 1,115.2	\$ 28.4	\$ 1,217.7	\$ 1,183.4	\$ 34.3

Notes:

* Net Salaries includes: salaries, salary savings, shift differential, overtime, bonus, MAPP differential, stand-by pay, sick buy back, and call back pay.

** Department of Public Health was separated from the Department of Health Services beginning in FY 2006-07. For comparison purposes, this schedule excludes the Department of Public Health budget units (PH, OAPP, A&D, CMS, and AVRC) from FYs 2003-04 through 2005-06.

(1) Budgeted net salaries based on the Adjusted Allowance for each fiscal year. FY 2007-08 budgeted net salaries reduced by physician pay plan funding, for which there will be minimal expenses during FY 2007-08. Only newly hired physicians will receive be paid under the plan, until existing doctors are placed on the plan once the medical school agreements are

(2) Reflects final actual salaries (salaries, shift differential, overtime, bonus, MAPP differential, stand-by pay, sick buy back, and call back pay) for each respective fiscal year.

(3) Full-year estimate is based on the February 2008 forecast for net salaries (salaries, shift differential, overtime, bonus, MAPP differential, stand-by pay, sick buy back, and call back pay).

ATTACHMENT I

LOS ANGELES COUNTY - DEPARTMENT OF HEALTH SERVICES
FINAL FINANCIAL PERFORMANCE ANALYSIS
ACTUALS
FISCAL YEARS 2002-03 THROUGH 2006-07
(\$ in Millions)

DEPARTMENT SUMMARY⁽¹⁾

	<u>FY 2002-03</u>	<u>FY 2003-04</u>	<u>FY 2004-05</u>	<u>FY 2005-06</u>	<u>FY 2006-07</u>
<i>Expenses</i>					
Salaries & Employee Benefits	\$ 1,610.1	\$ 1,631.8	\$ 1,712.3	\$ 1,823.2	\$ 1,637.4
Services & Supplies	1,349.3	1,414.5	1,546.7	1,698.2	1,423.5
Other Charges	104.8	102.8	105.2	100.9	67.4
Fixed Assets/Equipment	7.1	9.7	34.5	27.5	34.6
Operating Transfers Out	0.3	0.4	0.3	0.3	0.1
Total Expenditures	\$ 3,071.6	\$ 3,159.2	\$ 3,399.0	\$ 3,650.1	\$ 3,163.0
Less: Intrafund Transfer	77.6	82.3	76.2	86.5	35.0
Net Expenditures	\$ 2,994.0	\$ 3,076.9	\$ 3,322.8	\$ 3,563.6	\$ 3,128.0
<i>Revenues</i>	\$ 2,408.9	\$ 2,509.0	\$ 2,389.0	\$ 2,648.6	\$ 2,145.5
Expenses Less Revenues	\$ 585.1	\$ 567.9	\$ 933.8	\$ 915.0	\$ 982.5
County Contribution					
Sales Tax	\$ 128.8	\$ 128.9	\$ 128.9	\$ 129.3	\$ 104.8
VLF	325.8	363.3	367.8	362.3	306.7
Tobacco Settlement	75.5	75.0	85.1	85.1	83.1
Property Tax	178.0	184.5	185.1	193.3	364.3
Total County Contribution	\$ 708.1	\$ 751.7	\$ 766.9	\$ 770.0	\$ 858.9
Designation Added/(Used) at Year-End	<u>\$ 123.0</u> ⁽²⁾	<u>\$ 183.8</u>	<u>\$ (166.9)</u>	<u>\$ (145.0)</u>	<u>\$ (123.6)</u>
Designation Included in the Budget	\$ 245.9	\$ 31.8	\$ 173.5	\$ 395.5	\$ 141.3
Surplus at Year-End	<u>\$ 368.9</u> ⁽²⁾	<u>\$ 215.6</u>	<u>\$ 6.6</u>	<u>\$ 250.5</u>	<u>\$ 17.7</u>

Notes:

(1) Includes the Department of Public Health for FY's 2001-02 through 2005-06.

(2) These amounts were reduced by \$105.0 million for the transfer of funding to the LAC+USC Replacement Facility ACO fund.



County of Los Angeles CHIEF EXECUTIVE OFFICE

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WILLIAM T FUJIOKA
Chief Executive Officer

August 12, 2008

To: Supervisor Yvonne B. Burke, Chair
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich
From: William T Fujioka
Chief Executive Officer

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REPORT ON PUBLIC HEALTH ADMINISTRATIVE SUPPORT POSITIONS AS REQUESTED AT THE JUNE 16, 2008 BUDGET DELIBERATIONS

On June 16, 2008, during the Budget Deliberations discussion, your Board directed this Office to report back on the Department of Public Health's (DPH) administrative support positions that are being converted from "N" items to "A" items and the policy of why items that are being converted are using net County cost (NCC).

This is to advise your Board that all 35.0 positions that were added to DPH's budget during Budget Deliberations were new items, and no conversion of "N" to "A" items occurred. In addition, NCC was not provided to DPH to support the costs associated with these items; they are 100 percent funded with long-term State grant funding and administrative overhead received as intra-fund transfers. The attached fact sheet provides additional information regarding these items as well as, program requirements, and additional administrative staffing changes that were approved during 2007-08.

If you have any questions please contact me, or your staff may contact Richard F. Martinez at (213) 974-1758.

WTF:SRH:SAS
MLM:RFM:yb

Attachment

c: Executive Officer, Board of Supervisors
County Counsel
Director and Health Officer, Department of Public Health

DPH Admin Positions_mbs

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PUBLIC HEALTH STAFFING CHANGES FACT SHEET

BACKGROUND

DPH separated from the Department of Health Services (DHS) July 7, 2006; a general analysis in a report, dated June 9, 2005, noted the following primary reasons for establishing DPH as a separate department:

- Potential budgetary impact of DHS' projected deficit on DPH operations;
- Varying missions and/or priorities of both DHS and DPH;
- DPH operational efficiency and neutrality by way of eliminating the layer of DHS management between DPH and your Board;
- Existing size, complexity, and scope of DPH responsibilities warranted DPH as a separate County department; and
- New and existing public health climate (i.e. threats to the public's health) warrants an experienced public health leader to take direct responsibility of preventing and controlling serious threats

Subsequent reports recognized that the public health mission within the County had grown significantly over the last several years in the following areas: 1) increased attention for protection from emerging infections; 2) bioterrorism and other communicable and food-borne disease outbreaks; 3) toxic exposure and preventable injury; and 4) prevention of chronic diseases such as heart disease, cancer, and diabetes.

Prior to and at the time of the separation the following observations were also noted: 1) need to assess both DHS and DPH, December 13, 2005 letter to your Board, as the infrastructure was not adequately staffed to meet existing workload needs; 2) departmental efforts/initiatives would need to be prioritized; and 3) DPH would conduct an in-depth analysis of their administrative operation and staffing needs, as well as the maximization of available financial opportunities (i.e., indirect grant revenue).

The following staffing changes have taken place since the separation of the departments:

FY 2007-08

- Support - 21.0 Positions; and
- Information Technology - 18.0 Positions.

FY 2008-09

- Administrative - 35.0 Positions; and
- Deficit Mitigation/Curtailment - (27.0) Positions.

SUPPORT

A total of 21.0 positions were added during FY 2007-08 resulting in a gross appropriation increase of \$0.9 million, but only \$0.6 million in net County cost was necessary. These positions were added to provide DPH the ability to address several operational issues; primarily in the human resources area as well as the contracts and grants section (Attachment A).

INFORMATION TECHNOLOGY

In addition to the noted support items, during FY 2007-08, a total of 18.0 positions, related services and supplies, and associated NCC, was transferred from DHS to complete the information technology piece of the separation between the two departments (Attachment B).

ADMINISTRATIVE POSITIONS

DPH's FY 2008-09 Final Changes Budget includes the addition of 35.0 budgeted positions to address several critical, yet under-resourced operations primarily in Materials Management, Finance, and Human Resources sections (Attachment C).

The fiscal impact related to the 35.0 positions represents a gross appropriation increase/cost of \$1.8 million which is 100 percent offset by State grant funding and administrative overhead, received as intra-fund transfers. Monies for these positions will be received in the form of indirect revenues budgeted under various grants.

DEFICIT MITIGATION/CURTAILMENT

As outlined in the FY 2008-09 Proposed Budget and in DPH's May 6, 2008, Board memorandum, DPH was facing a structural budget gap. Contributing to the operational shortfall was DPH's \$2.4 million share of a curtailment to address the County's projected funding deficit. At the time of the FY 2008-09 Proposed Budget, the \$2.4 million reduction was set as a placeholder reduction in services and supplies with a commitment from DPH to return in Final Changes with a plan to address this issue.

DPH's curtailment plan implements operational savings and efficiencies resulting in the elimination of 27.0 positions at a salaries and employee benefits savings of approximately \$2.7 million. Although the department ensured that services would be protected, the curtailment will minimize DPH's ability to address future increases in the fluctuation of workload. A description of the 27.0 budgeted positions that were eliminated through DPH's deficit mitigation/curtailment plan is provided in Attachment D.

SUMMARY

- The additional 35.0 positions will ensure DPH's administrative infrastructure will have the requisite staffing levels to meet departmental workload needs and that intra-County requests for support and information are met in an efficient and effective manner.
- The elimination of the 27.0 positions does not result in any service reductions and ensures that the department's projected funding deficit is adequately addressed.

**DEPARTMENT OF PUBLIC HEALTH
SUPPORT POSITIONS - SUMMARY
FY 2007-08**

Division	Item Classification	Number of Positions
Finance	Accounting Officer II	1.0
Contracts and Grants	Assistant Staff Analyst, Health	1.0
	Staff Analyst, Health	2.0
	Senior Staff Analyst, Health	1.0
	Student Worker	2.0
Contract Monitoring	Financial Specialist IV	1.0
	Senior Secretary II	1.0
Materials Management	Senior Typist Clerk	1.0
	Intermediate Typist Clerk	1.0
Human Resources	Personnel Officer II	1.0
	Head Departmental Personnel Tech	1.0
	Departmental Personnel Technician	1.0
	Departmental Personnel Assistant	2.0
	Payroll Clerk I	2.0
	Intermediate Typist Clerk	2.0
Materials Management	Warehouse Worker II	1.0
	GRAND TOTAL	21.0

**DEPARTMENT OF PUBLIC HEALTH
INFORMATION TECHNOLOGY POSITIONS - SUMMARY
FY 2007-08**

Item Number	Item Classification	Number of Positions
4593A	Staff Analyst, Health	1.0
2591A	Information Systems Analyst II	7.0
2590A	Information Systems Analyst I	2.0
2611A	Departmental Information Security Officer I	1.0
2573A	Information Systems Manager I	1.0
2593A	Senior Information Systems Analyst	3.0
2525A	Senior Application Developer	1.0
5477A-2	Physician Specialist, MD	1.0
2612A	Departmental Information Security Officer II	1.0
	GRAND TOTAL	18.0

**DEPARTMENT OF PUBLIC HEALTH
ADMINISTRATIVE POSITIONS - SUMMARY
FY 2008-09**

Division and Item Classification	Number of Positions
<u>Contract Monitoring</u> 0749A Financial Specialist III 4619A Head Contract Program Auditor	2.0 1.0
<u>Facilities Management</u> 1138A Intermediated Clerk 6774A Custodian	1.0 2.0
<u>Finance</u> 2101A Senior Secretary II 4593A Staff Analyst, Health 0648A Accountant III 0666N Senior Accounting Systems Technician 0672N Health Care Financial Analyst <u>Controller's Division</u> 2095A Secretary II 0668A Principal Accounting Systems Technician	1.0 1.0 1.0 1.0 2.0 1.0 1.0
<u>Human Resources</u> 1848A Departmental Personnel Technician 1842A Departmental Personnel Assistant	3.0 2.0
<u>Materials Management</u> 1004A Administrative Services Manager III 1002A Administrative Services Manager I 0907A Staff Assistant I 2373A Supply Officer I 2334A Procurement Assistant I 2331A Warehouse Worker I 2100A Senior Secretary I 1140A Senior Clerk 1138A Intermediate Clerk <u>Risk Management</u> 3033A Safety Assistant 3037A Safety Officer I 4593A Staff Analyst, Health	1.0 1.0 1.0 1.0 3.0 2.0 1.0 1.0 2.0 1.0 1.0 1.0
GRAND TOTAL	35.0

**DEPARTMENT OF PUBLIC HEALTH
DEFICIT MITIGATION/CURTAILMENT POSITIONS - SUMMARY
FY 2008-09**

		Item Classification	Number of Positions
Defunded Positions	N	Information Systems Analyst II	(1.0)
	N	Research Analyst II, Behavior Science	(1.0)
	N	Registered Nurse II	(1.0)
	N	Assistant Staff Analyst, Health Services	(1.0)
	N	Health Program Coordinator	(1.0)
	N	Clinical Microbiologist I	(1.0)
	N	Environmental Health Specialist IV	(1.0)
	N	Health Educator	(1.0)
	N	Public Health Microbiologist I	(1.0)
	N	Program Manager II	(1.0)
	N	Health Education Assistant	(1.0)
Efficiency Items	A	Chief Physician I, MD	(1.0)
	A	Chief Physician I, MD	(1.0)
	A	Chief Physician I, MD	(1.0)
	A	Chief Physician I, MD	(1.0)
	A	Animal Sanitation Inspector	(1.0)
	A	Public Health Microbiology Supervisor I	(1.0)
	A	Laboratory Assistant	(1.0)
	A	Intermediate Typist-Clerk	(1.0)
	A	Staff Assistant II	(1.0)
	J	Clinic Physician, MD (Per Session)	(2.0)
	A	Senior Typist-Clerk	(1.0)
	A	Intermediate Typist-Clerk	(1.0)
	A	Intermediate Typist-Clerk	(1.0)
	A	Epidemiology Analyst	(1.0)
	A	Staff Analyst, Health	(1.0)
		GRAND TOTAL	(27.0)



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September 23, 2008

TO: Each Supervisor

FROM: John F. Schunhoff, Ph.D. 
Interim Director

SUBJECT: **PATIENT VISITS PROJECTIONS FOR THE
MARTIN LUTHER KING MULTI-SERVICE
AMBULATORY CARE CENTER (MLK MACC) –
INFORMATION FOR SUPPLEMENTAL BUDGET
(OCTOBER 7, 2008 AGENDA)**

On June 17, 2008, on motion of Supervisor Molina, your Board directed the Chief Executive Office (CEO) and the Department of Health Services (DHS) to move \$33 million from the MLK MACC Fiscal Year (FY) 2008-09 budget to the Provisional Financing Uses (PFU) budget. This action was taken to reflect an MLK MCC budget based on the number of visits being provided at that time. Alternatively, if DHS could increase the visits to the MLK MACC to exceed 150,000 per year, these funds could be restored at the MLK MACC.

This memo is to (1) provide your Board with a report on DHS' actions to increase the number of patient visits at the MLK MACC; and (2) request that your Board restore the \$33 million now in the PFU budget to the MLK MACC budget for Fiscal Year (FY) 2008-09, based on clinic expansions and other changes being implemented at the MLK MACC. We anticipate that these changes, described below, will increase visit volume at the MLK MACC to 177,207 patient visits for FY 2008-09 and 180,072 for FY 2009-10. This request to restore funding will be made to your Board during discussions on the Supplemental Changes on October 7, 2008.

Background

As you know, following the closure of the former Martin Luther King, Jr. - Harbor Hospital in August 2007, the MLK MACC was created to provide outpatient, urgent care and specialty care services. In January 2008, DHS contracted with Health Management Associates (HMA) to assess the transition of MLK from a hospital to a MACC, and to make recommendations and determine benchmarks that are essential to a productive, efficient, and quality ambulatory program.

HMA conducted an extensive review of current operations and compared MLK MACC staffing to industry standards for similarly sized institutions. HMA's staffing recommendations were based on services that are currently provided at the MLK MACC, and the potential demand for services and capacity for meeting these services over the next 12 months. HMA recommended a staffing plan of 628-638 employees (not including custodial staff) based on the current services model and a projected volume of 176,986 visits across all service areas. In August 2008, staffing at the MLK MACC was reduced to 680 County employees (including 47 custodial staff).

Following the August 2008 "right sizing" of the MLK MACC clinic staff, DHS and MLK MACC management analyzed patient demand and clinic capacity in each MACC clinic area with the goal of improving efficiency and patient access, while increasing the volume of patient visits. DHS finance staff also reviewed how visit data is captured in each clinic at the MLK MACC to ensure that workload is being accurately counted.

It should be noted that the HMA analysis, upon which the MLK MACC staffing model was based, used workload data which included both billable and non-billable patient visits in the total HMA projected workload of 176,986 annual visits. For example, HMA included workload for such areas as Physical Therapy, Occupational Therapy, and Employee Health, which are generally not billable visits as defined by Medi-Cal Cost Based Reimbursement Clinic guidelines. The number of billable visits in FY 2008-09 based on the projected workload is approximately 160,000.

Discussion Summary

The Department is projecting an annual visit workload for FY 2008-09 of 177,207 based on the following:

- a) projected visits of 154,316 for FY 2008-09 (based on workload data for April through June 2008);
- b) clinic expansions (discussed below) which will be effective October 1, 2008 and will result in an additional 7,074 projected visits for FY 2008-09;
- c) a growth trend in various clinics based on efforts implemented in recent months to increase volume resulting in an additional 5,700 projected visits for FY 2008-09; and
- d) adjustments for previously unreported visits totaling 10,117 which will require system set up and user training to enable appropriate data capture and reporting.

Actions to Increase Visits by Clinic Area

Based upon the review of clinic capacity and patient demand, we have identified the following MLK MACC clinic areas for additional growth during FY 2008-09. When fully implemented by fiscal year end, these changes will account for 7,074 additional visits in 2008-09 and 9,432 additional visits in FY 2009-10.

- The Community Health Plan (CHP) clinic will expand access to the adult clinic to non-CHP members. Traditionally, this clinic has been open to CHP members only. This expansion will help address current demand for primary care from non-CHP members reflected in the current backlog for general medicine, daily phone calls requesting appointments, MLK urgent care, etc. This change is anticipated to result in a projected increase of 1,000 visits annually.
- Geriatric providers (currently seeing patients three days a week at Hubert H. Humphrey CHC) will staff a morning clinic once per week at MLK-MACC. Referral sources are the general medicine backlog of patients aged 65 and older, urgent care referrals, Public Private Partners (PPPs), community outreach, etc. This change is anticipated to result in a projected increase of 800 visits annually.
- OB/GYN will increase the number of gynecology sessions for two physician providers and one nurse practitioner due to the high service demand. Referral sources are urgent care, MLK clinics, PPPs, community outreach, and clinic backlog. This change is anticipated to result in a projected increase of 1,500 visits annually.
- Orthopedics recently hired one part-time physician to address the demand in this clinic. Referral sources are urgent care, MLK clinics, clinic backlog, etc. Availability of this physician is expected to result in a projected increase of 400 visits annually.
- The Ambulatory Surgery Center was opened in June 2008 and began performing a limited number of procedures. Referral sources include the MLK MACC clinics, urgent care, PPPs, DHS facilities, and community outreach. It is anticipated that this service will increase visits by 4,132 annually.
- Pediatric Allergy will increase clinic sessions from one to two weekly. Referral sources are urgent care, MLK clinics, PPPs, and community outreach. This change is anticipated to result in a projected increase of 1,000 annual visits.
- General Pediatrics will increase pediatric dermatology clinic sessions by one per week. Referral sources are urgent care, MLK clinics, PPPs, clinic backlog, etc. This change is anticipated to result in a projected increase of 600 annual visits.

Other Adjustments

DHS finance staff completed a detailed review of clinic workload reports and identified that the workload statistics did not accurately capture some of the patient visits that are actually being provided at the MLK MACC. The Department's analysis determined that the staff were not correctly utilizing the patient scheduling system and did not fully understand what clinic services constitute a reportable visit. The visit projections have taken these issues into account. The adjustments related to these issues constitute approximately 5.7% of the total annual projected visits. Staff in impacted clinics are being retrained on the proper use of the system that will permit data capture and facilitate workload reporting. The Department will closely monitor the workload data to ensure the visit counts are accurate.

Summary

The Department projects that the MLK MACC will provide 177,207 patient visits during FY 2008-09, and 180,072 during FY 2009-10. These visit volume projections are based on the workload growth trend, the capture of previously unreported data, and the clinic expansions discussed above.

The Attachment provides a clinic by clinic comparison between the HMA model's targeted visits and DHS' projected visits for FYs 2008-09 and 2009-10.

Conclusion

The MLK MACC continues to adjust to the significant challenges of the last 13 months, including the August 2008 staff reduction. However, the facility cannot continue to provide outpatient care to the South Los Angeles region through the remainder of this fiscal year without restoration of the \$33 million that was removed from its budget.

We continue to work on implementing the remainder of HMA's recommendations, and will inform your Board of our progress.

Please let me know if you have any questions or need additional information.

JFS:sr

Attachment

c: Chief Executive Officer
Executive Officer, Board of Supervisors

**COUNTY OF LOS ANGELES - DEPARTMENT OF HEALTH SERVICES
MLK MACC**

HMA Targeted Visits and Projected Visits

Clinic Group	HMA Annual Visits (1)	FY 08-09 Total Projected Visits (2)	FY 09-10 Total Projected Visits (3)
Community Health Plan	6,000	7,130	7,380
IM - Cardiology	4,000	3,612	3,612
IM - Dermatology	4,500	6,040	6,040
IM - Endocrine/Diabetes	11,000	10,576	10,576
IM - Geriatrics	2,400	1,828	2,028
IM - GI	4,800	5,508	5,508
IM - Hemo/Oncology	7,400	6,392	6,392
IM - General Medicine	12,000	11,056	11,056
IM - Nephrology	2,500	1,456	1,456
IM - Neurology	6,000	5,944	5,944
IM - Oasis	6,500	5,220	5,220
IM - Pulmonary	1,200	952	952
OB/GYN	10,800	14,273	14,648
Ortho Surgery	6,000	7,952	8,052
Urology	4,000	4,268	4,268
General Surgery	-	6,652	6,652
Ambulatory Surgery	-	3,367	4,400
General Surgery & Ambulatory Surgery	12,000	-	-
ENT	5,000	7,696	7,696
Eye	12,000	8,736	8,736
Peds/Allergy	1,500	1,890	2,140
Peds/HUB	6	3,604	3,604
Peds/GI	180	112	112
General Pediatrics	4,200	5,082	5,232
Occupational Health	1,000	600	600
Urgent Care	35,000	29,632	29,632
Oral Surgery/Maxillofacial	9,000	7,956	7,956
OT/Adult	1,000	1,800	1,800
PT/Adult	7,000	6,480	6,480
Radiology Provider Visits	-	1,125	1,500
PPP Referrals to Various Area	-	268	400
Total	<u>176,986</u>	<u>177,207</u>	<u>180,072</u>

- (1) Source from HMA Report Deliverable #5 page 15.
- (2) FY 08-09 Projected Billable Visits + FY 08-09 Projected Non-Billable Visits = FY 08-09 Total Projected Visits (159,879 + 17,328 = 177,207)
- (3) FY 09-10 Projected Billable Visits + FY 09-10 Projected Non-Billable Visits = FY 09-10 Total Projected Visits (162,612 + 17,460 = 180,072)



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WILLIAM T FUJIOKA
Chief Executive Officer

October 16, 2008

To: Supervisor Yvonne B. Burke, Chair
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

Board of Supervisors
GLORIA MOLINA
First District

YVONNE B. BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

From: William T Fujioka
Chief Executive Officer

FUNDING RESTORATION FOR MARTIN LUTHER KING, JR. MULTI-AMBULATORY CARE CENTER (ITEM NO. 54, AGENDA OF OCTOBER 21, 2008)

On June 17, 2008, on motion by Supervisor Molina, your Board directed the Chief Executive Office (CEO) and the Department of Health Services (DHS) to move \$33 million from the Martin Luther King, Jr. Multi-Service Ambulatory Care Center (MLK-MACC) budget to Provisional Financing Uses. Your Board noted that if DHS could increase the visits to the MLK-MACC to exceed 150,000 per year, these funds could be restored. On October 7, 2008, during Supplemental Changes, your Board instructed the CEO to report back at its October 21, 2008 meeting regarding restoration of the \$33 million. As noted on the October 21, 2008 meeting agenda, we have requested a continuance of this report to January 27, 2009.

The DHS report to your Board of September 23, 2008, identified various actions being taken by the department to increase the number of patient visits at the MLK-MACC. DHS has indicated these efforts should assist them in reaching the intended target. However, we have proposed the continuance of the recommended funding restoration until January 2009, because this will provide us with the opportunity to review and assess the efforts made by DHS. At that time, we will bring the matter before your Board with the appropriate recommendation and action items based upon that review.

If you have any questions, please contact me or your staff may contact Loreto Maldonado of my staff at (213) 974-1395 or lmaldonado@ceo.lacounty.gov.

WTF:SRH:SAS
MLM:bjjs

c: Executive Officer, Board of Supervisors
County Counsel
Interim Director, Department of Health Services

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